

The Management REVIEW



COMMENT • DIGEST • REVIEW

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The Management REVIEW

WHILE economists, writers, columnists, and the more articulate of the business fraternity busy themselves with post mortems on the cadaver of the late economic recovery, the average business man is taking the text for his eulogy from the Great Bing: "I guess I should have seen right through you." Future historians will record that the boomlet of 1936-1937 collapsed in the brief Indian Summer of the latter year. Today a glum business world follows the downward spiral of industrial indexes and, bemused, watches the activities of legislators. The recession will last at least six months, says George Soule (*The Present Industrial Depression*) page 400. By that time, he states, inventories may have worn down to the point where worthwhile buying will be necessary, and prices will be lower. Mr. Soule says that any economist who was worth his title could have foretold the present state of business. The reasons why sound very plausible, but with his gorge rising, many a business man will ask: "Why don't they tell a fellow?"

IN centuries past, mankind was divided into four recognized kinds of temperaments: there were the phlegmatic, the sanguine, the melancholy and the choleric—and there was no nonsense about introverts, extroverts, and cycloids.

These four types complemented each other. One balanced what the other lacked, and this balanced the world, from a psychological viewpoint. But now it's quite different. The types are limitless, it seems, and the result is general confusion. Business is on the trail of the golden fleece—a common denominator that will make dealing with all these types a mere matter of formula. Read these abstracts for December and consider how easy it would be if the national mind were a simple four-part equation that gave a correct result upon application of a single principle: (*Choosing Personnel in a Distributive Concern*) page 417; (*Hollywooden Idols*) page 421; (*For the Mass Mind—Put Your Copy in Low Gear*) page 425.

Current Comment

SOME ECONOMIC CONSEQUENCES OF THE UNDISTRIBUTED PROFITS TAX

The plowing back of earnings can furnish less capital today for the growth of corporations than heretofore. In the past, possibly three-quarters of the capital added from year to year to the money used in the production of goods and services has come from the earnings of business. The growth of industry in the United States is largely the result of the plowing back of profits of successful enterprise.

The undistributed profits tax greatly reduces the amount of capital available to business from this important source. Now if a corporation plows back half of its earnings, there is available after paying the income tax and the undistributed profits tax less than 73 cents of each dollar retained. If the corporation plows back all of its earnings, there is added to capital only 68 cents of each dollar of earnings.

This reduction in the portion of a dollar of earnings which a corporation can now add to capital is probably not so important as the influence of the undistributed profits tax on the payment of dividends. In the past, numerous stockholders have complained of the relatively small dividends paid by many corporations which have grown great or have successfully withstood the shock of extreme depressions in business. A law which imposes a tax of as much as 27 per cent on earnings added to capital curtails the development of business by putting pressure on the managers of corporations to pay large dividends from current earnings.

The money disbursed as dividends flows back to business only in small measure to supply the kind of capital furnished by the plowing back of earnings. A great portion of dividend payments goes to people who invest through savings banks and insurance companies. These institutions invest in a restricted list of high-grade senior securities.

Of the portion of dividends which goes to those who invest in common stocks a large part is paid to states and to the

Federal Government by those in the high income tax brackets. Much of what remains is invested in tax-exempt securities. For the residue there are many investment opportunities in seasoned common stocks of successful corporations of long standing.

The burden of the undistributed profits tax falls heavily on business enterprises which have not yet achieved recognized success. These smaller companies are rarely able to issue securities which are suitable for savings bank and insurance company investment. Such companies now face great difficulty in adding to their "hazard" capital in order to obtain the strength needed to sell senior securities.

Today there is little "hazard" capital available for business. What there is flows more easily to the companies of long established success and high investment standing than to those which are growing and have yet to establish a strong position. The small company therefore finds it not only difficult and expensive to add to capital from earnings but even more difficult to obtain from investors the capital needed to bear the ultimate risk of business enterprise.

The conditions which exist today in the capital market make this a particularly unfortunate time for such a law as the undistributed profits tax. The combined effects of the capital gains tax, the heavy income taxes on those in the high brackets, and the regulations which cause all stock and bond holdings to become unliquid investments have largely dried up the flow of risk or "hazard" capital to business from the investing public. Now even more than in the past small companies especially need to use earnings to strengthen their capital position.

There is a further serious aspect to the undistributed profits tax aside from the fact that it impairs the growth and development of industry. The restricted use of earnings to pay debts in times of prosperity weakens many business enterprises in later periods of depression. Numerous companies today are strong and growing because in the past they survived misfortune by incurring debts which were later paid from dividends. The undistributed profits tax therefore not only interferes with the growth of business but prevents many prosperous concerns from gaining strength in good times to sustain them through depressions.

WADDILL CATCHINGS.

THE MANAGEMENT INDEX*

Abstracts and News Items

GENERAL MANAGEMENT

The Present Industrial Depression

Without knowing anything in detail about the present economic situation in the United States, any economist might have expected that a business recession would now be here. Historically, the average length of the business cycle, from bottom to bottom, is about 3.3 years. The last low occurred in the spring of 1933; on average the present recession is therefore overdue. Of course few specific cycles are of average length; some are shorter and some longer. But inasmuch as the mechanics of the business order have not been fundamentally changed, the absence of a slump rather than the presence of one would require explanation.

If we observe closely what has happened in recent months, we may be able to reach a reasonable diagnosis of our current ills. In the first place, the government has stopped priming the recovery pump and is instead taking some water out of the spout in the form of Social Security taxes. In in-

dustry supply eventually overtook and passed demand; and the blame for this is being placed, as usual, on a number of scapegoats which probably had little or nothing to do with it—on the wage increases and reduction of working hours accompanying union organization, on the undistributed profits tax, the capital gains tax, regulation of the stock market, and other measures which have hampered and worried business men.

We must wait for the situation to correct itself by the gradual wearing down of inventories and the reduction of prices that are too high, through the pressure of supply on demand. This will work in the more competitive industries, perhaps too well; it will work haltingly in industries with administered prices.

How long we must wait no one can tell—but it will hardly be less than six months. And while we are waiting we could fill in the valley by reverting to pump-priming, at least in some degree. By George Soule. *The New Republic*, November 24, 1937, p. 62:3.

*For publishers' addresses or information regarding articles or books, apply to AMA headquarters.

The Social Security Hoax

The Social Security scheme is one of the more devious pieces of financial chicanery which the Government is currently perpetrating.

This law manifests the benevolent purposes of the Administration. But it also reveals the confusion of ideas, the slip-shod methods, and the concealed aims which have characterized so many of the Administration's attempts to carry out its benevolent purposes. Not only is the Act itself gravely defective, but the uses to which it is being put suggest that an ulterior purpose wholly unconnected with social security may well be responsible for its major weakness. That ulterior purpose is the perpetuation of a New Deal dynasty by the financing of government deficits with money paid by workers into a non-existent Reserve Fund.

When the Government spends for current expenditures all that it collects in payroll taxes, and places its own obligations in the Old-Age Reserve Account, it has not acquired an asset; it has created a definite liability. Nor does any new wealth or productive increment come into being through the Old-Age Reserve; when payroll taxes have been dissipated in current expenses, there is nothing to show for them except a ledger entry. But it is said that the Fund will at least earn interest, that it will lighten the extraordinarily heavy burden of future generations; this is another fiction, for by 1980 the benefits then being paid will be covered to the extent

of 60 per cent by payroll taxes and 40 per cent by interest on Government obligations which must be financed through general taxation.

With no benefits paid until 1942, this Machiavellian scheme will enable the Government by that time to put its hand on \$3,000,000,000 without any offsetting cash outgo—all of which would be impossible without this fictitious Reserve. For 20 years thereafter *taxes will exceed benefit payments*; and by 1980 the Reserve Fund will have reached the staggering total of \$47,000,000,000. By Ogden L. Mills. *The American Mercury*, December, 1937, p. 385:6.

The Balance of Industry and Agriculture

The problems of industry and agriculture are inextricably commingled. Statistics since the turn of the century reveal a striking parallelism, a marvelous and nearly absolute equipoise, between the mutual interests of farmers and manufacturers.

Since 1900 the average of the price indexes of farm products and commodities deviated from parity by only 0.13 per cent, and this was in favor of agriculture. During these years industrialists and farmers have prospered together and endured reverses together to almost the same extent. Throughout the lean years of the last depression the disparity between agricultural and industrial indexes was but slight and has since been practically restored. When the depression reached bedrock in 1933, the index of

manufactures stood at 50.9 and that of farm products at 55.7. The statistics are as eloquent for years when the land was flowing with milk and honey. In 1916 the commodity price index registered 85.5, and the farm products index, 84.4; in 1920 the former stood at 154.4, and the latter at 150.7.

American industry cannot afford to ignore the problems of the farmer or fail to make every effort to arrive at a clear understanding of them. There is today a definite community of interest between the two great factors in American economic and social life which both groups must recognize if we are to fight our way back to a permanent prosperity and prevent a recurrence of seven lean years. By Lewis H. Brown. *Dun's Review*, October, 1937, p. 5:4.

A Test Tube for Unemployment

For more than five years *unemployment* has been a political shibboleth. Government has glorified it and continues to do so. But a number of significant questions have yet to be answered. Who are the unemployed? What kind of jobs, if any, have they ever held previously? How much did they earn in boom times?

To answer these questions *Nation's Business* engaged Crossley, Inc., an economic fact-finding agency, to analyze a typical sample of those on relief rolls. The survey disclosed that, of 100 persons working on WPA projects or receiving direct relief, *fewer than half had worked formerly in any*

field of business. The average annual earnings of the group in 1929 amounted to \$520. Case records of those investigated indicate that only a minority of them could qualify for work in private industry.

Though it would be foolhardy to maintain that a survey of such limited scope would provide sufficient evidence upon which to base a national policy, its results are significant enough to warrant more detailed analyses of the four or five million people who are to be, in the words of one political prophet, "a permanent charge upon us." By Russell L. Greenman. *Nation's Business*, October, 1937, p. 15:8.

Mechanization Pays the Worker

Studebaker is the only manufacturer of carriages and wagons which successfully made the transition into the motor car field. In so doing, it has become a part of the machine age and has faced all the problems that came in the wake of the rapid technological advance which has taken place in America since the turn of the century.

In 1870 the Studebaker craftsman turned out \$1550 worth of product a year and averaged \$465 in annual wages. He worked 60 hours a week with no vacations or Saturdays off. His living conditions were primitive in comparison with modern standards; his social life was pitifully inadequate. Today the typical Studebaker workman receives \$40 per 40-hour week and produces \$9,175 worth of goods a year. He lives in a modern apart-

ment, drives a car, owns a radio and an electric refrigerator. He belongs to a club, bowls once a week, and goes with his wife to the movies, to dances, and to parties. He is an up and coming citizen of South Bend.

Studebaker is convinced that the machine has not enslaved men—it has freed them; it has not created unem-

ployment—it has increased employment; it has not made automatons of working men, but has on the contrary created more enlightened citizens who take greater pride in their craftsmanship than did the workers of two generations ago. By Paul G. Hoffman, *American Machinist*, September 22, 1937, p. 830:4.

FINANCIAL MANAGEMENT

Experience Under the Undistributed Profits Tax

Information from 360 representative concerns reflects the following attitude on the part of the average corporation towards the undistributed profits tax: The tax penalizes thrift and introduces tendencies contrary to conservative financial practice. It impairs the ability of corporations to withstand depressions. Without reserves accumulated in profitable years, corporations will reduce payrolls and dividends earlier and more drastically and thereby accentuate business decline. The surtax retards expansion from earnings. It places a premium on inactivity and constant size, and it penalizes business initiative and corporate growth.

In the interest of a well-rounded business mechanism, some corporations should disburse a larger proportion of earnings as dividends, while others should strive for a stronger fi-

nancial position before distributing profits. Regulations should work both ways, but under this law dividends equal to a large share of earnings tend to be paid regardless of a company's financial position. The statute assumes a degree of uniformity among corporations which does not exist, and it is primarily for this reason that the tax is inequitable. By Lewis H. Kimmel, National Industrial Conference Board, Inc. *Conference Board Bulletin*, October 13, 1937, p. 105:11.

Financing New Plant Equipment

From time to time attention is focussed on the difficulties encountered by relatively small but sound business enterprises in securing needed capital funds. Financing the acquisition of productive plant equipment and machinery is a very important part of the uses to which such funds are put.

Small manufacturers can now obtain installment credit for capital re-

quirements, and there are a number of advantages in such an arrangement. In the first place, it leaves a larger proportion of net profits free for the payment of dividends and thus minimizes undistributed profits taxes. Secondly, it makes capital goods available to sound enterprises that are not large enough to float securities or that would find the cost of doing so prohibitive.

Two familiar commercial financial media are the mortgage bond and the equipment trust certificate (commonly known as the Philadelphia Plan). It is an adaptation of these older plans to the sale and purchase of machinery and equipment that has in the past few years developed so rapidly. This new equipment funding scheme is a simplified arrangement between seller, buyer, and finance company. Credit arrangements are negotiated by the seller, and the finance company providing this type of service performs the banking or investment function. By Arthur O. Dietz. *Barron's*, October 18, 1937, p. 11:1.

Cost of Production and Normal Supply Price

Schedules of normal supply prices of specific goods are schedules of expenses and not of real costs. In terms of expenses, marginal has no significant meaning in a period of equilibrium. Consequently, the doctrine that normal price tends to equal marginal cost of production is not valid if applied to particular commodities.

In current value theory, normal

supply schedules are constructed in monetary terms and then, in order to identify the marginal unit, a transition is made to schedules of real cost. This is an untenable theory and it results in an unsound theory of normal price for particular commodities, and an obscuring of the role of accounting cost in the process of value determination. Consistent analysis would indicate that the equilibrium price of specific commodities tends to equal average expenses of production. Accounting cost influences disequilibrium price through its effect upon the magnitude of marginal expenses. By Adolph Abramson. *The American Economic Review*, September, 1937, p. 468:11.

Signs of Sin and Sanity: I

The life span of a concern which is planning a fraudulent failure is generally short—four, eight, or twelve weeks. Only in occasional instances does the span from birth to maturity and old age last a trifle longer. The earmarks of such a concern should be readily recognized by the experienced credit man.

The first earmark indicating that an enterprise might be of a parasitical nature is the record, or the lack of record, of the individual who is operating the business. If his commercial history can be explored, one usually learns that he has been involved in previous fraudulent failures, questionable fires, or that he has even lived under penal restraint; on the other hand, if his record is a mystery which

he refuses to clarify, conclusions can be drawn as accurately and as rapidly as in Jevon's examples in logic. If the record of the principal, or the lack of information regarding his record, fails to cast doubt on the legitimacy of a prospective fraud, the game is given away when orders are received for the purchase of merchandise; such orders are invariably for larger quantities of merchandise than the size of the concern and the length of time it has been in existence would warrant.

The second earmark is the fact that a great percentage of the orders for merchandise are unsolicited orders—which are unusual even at the peak of prosperity. Finally, the third earmark—if one happens to be in a position to observe what is going on—is the fact that orders are being placed with manufacturers and wholesalers for diverse lines of merchandise which in the course of normal operations are never handled by the same enterprise. So there you are. By Roy A. Foulke. *Dun's Review*, November, 1937, p. 9:7.

Budgeting for the Small Business Firm

In considering budgeting for small businesses, we are concerned primarily with budget forecasts. These are usually prepared for a year and preferably should be broken down by months to disclose the fluctuation in profit from month to month and the financial position at the end of each month.

If we budget the amount of sales,

the percentage of gross profit (to estimate this item consideration must be given to past results, the trend of prices, and rates of gross profit realized by similar organizations), the percentage to sales of the variable expenses, and the amount of fixed expenses, it becomes a relatively simple computation to arrive at the forecasted profit or loss. It is not a complicated matter to budget inventories and purchases in relation to the anticipated volume, if we have available data on past performance and some notion of a reasonable rate of inventory turnover for the business. The forecast of monthly sales will equal the forecast of monthly cash receipts if the company sells solely for cash; when it sells also for credit, the total sales must be split into cash and credit sales and the collections for each budgeted separately.

The point should be stressed that the value of a budget forecast is not destroyed if actual results do not agree closely, for every variation between the budget and the actual figures tells a significant story. By J. W. McEachren. *Credit and Financial Management*, October, 1937, p. 14:4.

The Purchase of New Machinery and Equipment

In order to obtain the greatest returns from our investment in factory equipment, we must devise an effective cost system. Under this system depreciation should be written off in such a way that we can replace in our cash account the money which was in-

vested in our present equipment as soon as, or before, it becomes necessary to make replacements.

Both *maintenance cost* and *rehabilitation cost* should go into the cost of the product in *depreciation reserves*. Depreciation must go into the cost of the product; it is not a profit or surplus to be used for any purpose other than the restoration of the capital asset to its original state by the purchase of new equipment to replace that which has depreciated. All monies collected through selling price for reserves should be adequately accounted for and subject to budget for new equipment.

If the depreciation reserve on a particular machine is insufficient to cover its book loss when necessary to retire it, the loss should be put into the profit-and-loss account and not carried over and charged against the new equipment. If the trade-in price or cash selling price of a machine ex-

ceeds its book value, the difference must be placed in the profit-and-loss account. The book value is credited against the purchase of the new equipment in capital account; the book value of the new machine is set up as a new figure equal to its total cost, and depreciation is based on the class into which it is placed.

When a replacement transaction involves the trading-in of an obsolete machine, the buyer of new equipment should attach less importance to the allowance received than to the selection of the best machine for his needs, regardless of the amount of allowance. By W. P. Kirk. *The Society for the Advancement of Management Journal*, September, 1937, p. 154:3.

Finance Conference

The Finance Conference of the American Management Association will be held at the Hotel Pennsylvania in New York City on December 14-15.

INSURANCE

Insurance abstracts are contributed by P. D. Betterley, Insurance Consultant, Assistant Treasurer, Graton & Knight Company.

Riot and Civil Commotions

In connection with the supplemental contract, it is essential that a clear concept be had of the legal meaning of the word "riot."

A "riot" is commonly defined as "a tumultuous disturbance of the

peace by three or more persons assembled and acting with a common intent, either in executing a lawful enterprise in a violent and turbulent manner to the terror of the people or in executing an unlawful enterprise in a violent and turbulent manner."

It has been stated that in some juris-

dictions it is not essential that the action should be performed in a tumultuous manner, if the intent and power to carry out the common design exists. If this concept of a riot should be freely adopted by the courts, it might create liability under the supplemental contract in many situations never within the contemplation of its authors. It would permit recovery where three or more persons gather together with intent to damage another's property, and actually carry out their objective quietly and in a manner intended to prevent detection.

Many serious and novel questions of liability under the supplemental contract also arise from the loss and damage resulting from "sit-down" strikes.

The writer includes many interesting illustrations in his article. *The Eastern Underwriter*, October 15, 1937, p. 32:1.

Put "Explosion" into the Fire Policy

Julian Lucas, a recognized authority on the standard fire policy, has suggested that the protection against "simple explosion" be made a part of the standard fire policy. He suggests that it is time to broaden the fire policy so that it meets the requirements of the insuring public. We quote from his article as follows:

"It is my very firm opinion that these requirements are not met unless there is incorporated in the policy itself protection against the inherent hazard of the explosion. In my opinion, the removal of lines 59 to 61

(explosion exclusion) of the present policy is not sufficient. There should be incorporated in the insuring clause of the policy language similar to that which is employed in the so-called 'simple explosion' policy.

"I am of the firm opinion that this particular explosion hazard should be incorporated in the policy and can be incorporated without any increase in rates."

Mr. Lucas believes that smudge insurance should also be incorporated in the standard fire policy, since it is a type of damage that is closely allied with the fire and explosion hazard. *The Insurance Broker-Age*, October, 1937, p. 3:2.

Demands More Consideration for Public Needs

C. A. Abrahamson, president of the National Association of Casualty and Surety Agents, recently gave a straight-from-the-shoulder talk on conditions in casualty and surety lines from the producer's point of view.

He decried orthodoxy in underwriting, praised Lloyd's of London for pioneering, asked companies to meet more fully the demands of the insuring public, pleaded for confidence in the producer's judgment regarding covers, urged the establishment of a business development office for casualty and surety lines, and favored more flexible rules and practices. He said in part: "With very few exceptions broadening of coverage has not originated within the bureau. The tendency has been to allow others to do

the exploring and then to follow suit. The American Bankers Association asked for and finally obtained the banker's blanket bond. Why did not the companies themselves originate this cover?"

Mention is made of the personal property floater, the commercial blanket bond, and numerous others which were pioneered outside the bureau. Mr. Abrahamson also remarked: "The large buyers are going to make their wants known. It will pay the underwriters to heed such requests as will be made." *The Weekly Underwriter*, October 16, 1937, p. 809:2.

New Proposed Standard Fire Policy

One of the most important matters to come before the National Association of Insurance Commissioners at their annual meeting in the Hotel Pennsylvania, New York City, November 29—December 1, is a form of fire policy incorporating the suggestions

of Louis H. Pink, superintendent of insurance of New York, who is also chairman of the policy revision committee of the National Association. Its clauses are reproduced in *The Weekly Underwriter* for the benefit of fire insurance observers. *The Weekly Underwriter*, November 6, 1937, p. 980:2.

Sit-down Strikes and Smudge Damage Covered

Two significant changes are incorporated in the proposed new supplemental fire policy contract which has been adopted by the Eastern Underwriters Association. Oil burner smoke damage is now included in dwelling-house and mercantile forms.

The second important change is that physical damage done by sit-down strikers during a strike is covered, though consequential remote loss resulting from a sit-down strike is not. Committees are now at work on rates and rules. *The Eastern Underwriter*, November 5, 1937, p. 20:1.

OFFICE MANAGEMENT

Cuts Office Costs with New System

The adoption of mechanical accounting has made it possible for S. Kind & Sons, Philadelphia, to effect a saving of about 40 per cent in the clerical cost of handling charge accounts.

The ledger sheet and statement form for each account are filed together in the ledger tray. When a charge sale is to be entered, the accounting clerk takes these two sheets, and with a carbon sheet inserted, enters them on the left side of the machine, making entries on both forms in one operation. The machine is

equipped with totalizers for each column, so that adding or subtracting amounts is a mechanical operation. While statements and ledger sheets are being written on the left side of the machine, a form known as a journal sheet is carried on the right side; and this sheet remains in the machine while posting is being done. After the entry has been made on the ledger sheet, a duplicate entry is made on the journal sheet. The journal sheet is moved ahead one space at a time, and at the end of each day there is a complete record of every transaction that affects the charge accounts. Since totalizers are provided for each figure column, totals of the daily entries are brought forward automatically. At the end of the month there is no necessity for overtime work to send out statements or balance books. Since statement and ledger entries are made simultaneously, every statement is complete and ready to mail at the end of the month.

An interesting feature of the system is the use of an automatic index for the ledger trays, making it possible for the accounting clerk to locate any account in a few seconds. This index has been described in detail in this article. By Ralph H. Butz. *The Office Economist*, September-October, 1937, p. 12:1.

The Use of Office Machinery and Its Influence on Conditions of Work for Staff

The mechanization of office work constitutes one of its most interesting

aspects. The invasion of the machine into a territory where its use was almost unknown has had consequences not only of a technical but also of a social nature.

The main features of the technical changes which have attended the mechanization of office work are (1) a high degree of division of labor, (2) a considerable increase in the speed at which operations are performed, (3) standardization of methods, forms, etc., and (4) improvement in the methods of preparing and supervising office work. The social phenomena accompanying the increased use of machines have included physiological phenomena (physical fatigue, physiological effect of the noise and vibration of machines, eye-strain, etc.), individual psychological phenomena (nervous tension, inferiority complexes, etc.), and collective phenomena (division of office employees into numerous complex categories, etc.).

Indicative of substantial differentials in the rates paid male and female office workers are the minimum wage rates stipulated in the collective agreements of salaried employees in France. In the Paris district, men employed at office machines (adding, calculating, addressing, duplicating, etc.) earn a minimum of 1,300 francs monthly; for the same work women receive 1,000 francs. In the same district male office workers employed at counting, punching, and statistical machines receive a minimum monthly wage of 1,350 francs; for similar work women receive 1,150 francs.

Since mechanization has widened

the scope of the office even more than that of the workshop, office workers have apparently been less affected by the depression than manual workers; however, skilled employees and those in the prime of life have suffered from the competition of female and adolescent labor. *International Labour Review*, October, 1937, p. 486:31.

Filing for the Executive

The best way to handle executive files is to have them grouped in one place and in charge of one person. If they must be retained in different offices the next best method is to have some one person do the filing in each of these files daily and thus assume responsibility for the elimination of duplication and the uniformity of filing procedure.

The subject method of filing requires the analysis of content so that the most important subject is chosen as the heading with cross references for subordinate subjects and synonymous terms. An index is essential even though the material may be arranged in simple alphabetical form in cabinets. The index may be composed of cards, with one heading to a card. The index may also be kept on sheets in a loose-leaf binder, but this requires frequent retyping in order that it be kept up-to-date.

Because the material in the executive files is so important, there is little miscellany. *Each item requires a folder.* Such material is not transferred regularly but weeded out from time to time, and therefore the best

grade folders are warranted. The confidential nature of many of these documents requires that they be kept in locked cabinets. If in vaults, the index should carry the heading and show where filed when taken out of its regular alphabetic place in the cabinet.

This article describes individual filing procedures for practically every type of executive paper. By Bertha M. Weeks. *The Office Economist*, September-October, 1937, p. 4:3.

Office Equipment Control

When we consider the evolution in business equipment during the past few years, we realize that the time is fast approaching when the robot will reign supreme in the office. Machines that are new today may be obsolete tomorrow. Thus the planner of office equipment should constantly try to forecast the trend of future developments. This is but one of the principles on which the Sun Life Assurance Co., of Montreal, Canada, bases its routine and planning.

This company has found, among other things, that the electrically-operated adding machine is the only reasonable selection when maximum efficiency is desired. It has devoted a great deal of study to the subject of furniture. Steel desks for general office use have been standardized in its workrooms. The company has gradually adopted a rigid type of posture chair with self-adjusting features, for ordinary office routine work.

After many years of experience, this concern is satisfied that open shelving is a more economical method of filing than cabinets. The time taken for handling a folder filed in cabinets was found to be 21 seconds, whereas the

similar movement on folders filed in shelving consumes but 15 seconds. When extensive filing is done, the cumulative time saving is appreciable. By John Crawford. *The Office*, September, 1937, p. 14:7.

PRODUCTION MANAGEMENT

Industrial Economics: *Labor and Capital, Legislation, Wage Theory, Immigration*

Mechanical Cotton Picker Fore-shadows New Labor Problem for South

Within five or ten years the mechanical cotton picker may displace upward of a half million cotton pickers in the South. The resulting increased pressure on the industrial labor market of the South may be further accentuated by the fact that the large-scale use of recently developed and improved mechanical cotton pickers may also tend to reduce the number of tenants and share croppers, stimulate the use of tractors and improved machinery in other phases of cotton culture, result in a geographical shift of cotton-producing acreage to areas best suited for mechanized tillage and harvest, and increase the size of cotton farms.

A report of the Works Progress Administration estimates that it will require several years to develop an improved machine and that in such an

event half the nation's cotton acreage may be involved in 10 years, throwing a maximum of 2,000,000 hand workers out of employment during the picking season of 40 workdays. It is more likely, however, that displacement of only a half million pickers will occur within the next five or ten years. *Domestic Commerce*, November 10, 1937, p. 241:1.

Women in the Economy of the United States

Over 10½ million women were in gainful employment in the United States in 1930—almost six times as many as were so occupied in 1870. Thus two women were in gainful work to every seven men so employed.

The net result of recent economic changes has been to place increasing numbers of women in the ranks of clerical and other white-collar workers, while the hand trades have de-

clined and entrance into factory employments has been less rapid than formerly. In professional service and semi-professional work women have increased in numbers as helpers, but in most of the major professions there has been a slowing up and in some even a decline. Three-fourths of all women professional workers still are school teachers and nurses. The growth of life in urban centers has been accompanied by a decline in agricultural occupations and an increase or development of certain types of service. Women's wages are still invariably lower than those of men; in some cases it has been impossible to overcome the traditional idea of low pay for women's jobs even through trade union action, and the customary low compensation scales for certain women's jobs have been continued even in some union agreements.

Included also in this study is a comprehensive analysis of the effects of labor legislation on women's occupations. By Mary Elizabeth Pidgeon. Women's Bureau, United States Department of Labor, 1937. 137 pages.

Wages, Hours, and Working Conditions in the Set-Up Paper-Box Industry, 1933, 1934, and 1935

This survey of the set-up paper-box industry covered a representative sample of plants in three periods—a pre-code period in May, 1933, a code period in August, 1934, and a post-code period in August, 1935.

The average hourly earnings of all employees were 43.6 cents in August,

1935, 44.7 in August, 1934, and 34.5 in May, 1933. The maximum hour provisions of the code reduced the industry average from 39 hours in May, 1933, to 35.5 hours in August, 1934; with the abandonment of the code, the average weekly hours of all workers rose to 38.2 in August, 1935. Vacations with pay were provided in but 8 of 419 plants. Between May, 1933, and August, 1935, employment increased by 24.2 per cent and man-hours by 22 per cent; payrolls for the period as a whole rose 56.3 per cent. United States Department of Labor, Bureau of Labor Statistics, *Bulletin No. 633*, 1937. 123 pages.

Grievance Procedure in Labor Union Contracts

A standard procedure for the settlement of grievances is indicated in 101 of 143 agreements recently analyzed by the National Industrial Conference Board. This procedure includes provision for the arbitration of matters not settled during the specified preliminary stages of adjustment. Special provisions for dealing with cases of alleged unfair discharge are found in 75 of the contracts. Stated periods for the presentation of grievances are provided for under 65 agreements, although 57 of these agreements permit complaints of unfair discharge to be submitted at any time.

Under more than 60 C. I. O. contracts the arrangement is substantially the same. A grievance is taken up: (1) between the aggrieved employee, who is a member of the union, and

the foreman of the department involved; (2) between a member or members of the committee designated by the union and the foreman and superintendent of the department; (3) between a member or members of the committee designated by the union and the manager or general superintendent of the plant; (4) between the representatives of the national organization of the union and the representatives of the executives of the corporation; and (5) in the event the dispute is not satisfactorily settled, the matter is appealed to an impartial umpire appointed by mutual agreement, whose decision is final, and whose expenses and salary are paid jointly by the corporation and the union.

Included in this article are statistical tables that present data separately for both A. F. of L. and C. I. O. By Harold F. Browne. *Conference Board Service Letter*, October 30, 1937, p. 101:4.

Labor's Path Ahead

In industrial relations America has not progressed past the Middle Ages; on the one hand we have the independence of the industrial baron, and on the other the rebellious spirit of the free but dependent worker.

None who has worked in the chaos of a mill or has spent the best years of his life in a mine will deny that the laborer is worthy of his hire. He works hard and long. He is deserving of respect and decent treatment. All too often he is treated as a bum. In de-

manding for the worker a fair return for his day's work, the labor movement unquestionably performs a legitimate function. However, the present attitude among unionists seems to be in violent contrast to what has been considered the proper function of a union, for radical unions today hold before workers a Utopian vision of higher wages and little work.

But there is one practical solution to the current labor problem. A permanent board or boards of arbitration should be set up in each plant or industry. Such a board should consist equally of representatives of workers and the management. These should then select a referee agreeable to both sides. The members representing labor should be chosen by the employees of the plant or industry in an election held outside the plant and supervised by an election board set up under the department of labor. No minority domination should be permitted, but any union should have the right to organize the industry and represent the workers if it controlled a majority of them.

Such a board could determine intelligently the wages, hours of work, conditions within the plant, safety, and apprenticeship, and its recommendations should be binding on both sides. By Irwin H. Ludolph. *Economic Forum*, October, 1937, p. 7:7.

A Case in British Labor Relations

In industry today there are alternative kinds of labor policies. One is based primarily on the theory that the

wage packet is the only bond between the employee and the company. The basic idea of the other is that industry exists to render service to the community and that it does so by means of the combined activities of the investor, the management, and the manual worker. On this second somewhat idealistic belief the Imperial Chemical Industries Limited, of London, has built up a labor philosophy.

This concern does not base its wage rates on the sole consideration of supply and demand. It has established a minimum rate for all its plants which it considers fair in relation to its own prosperity and the purchasing power of money, and it has been engaged during the past 16 months in a meticulous point-rating of all jobs to insure that the minimum is not applied to other than laboring jobs and that jobs superior to that of the laborer are correctly rated.

Another indication of this company's attitude is the fact that it settles the general wage position at all factories by negotiation with the appropriate trade unions—even though those unions may not have a single member in a particular factory. Though less than half of its manual workers are trade unionists, the concern deals with about 20 unions. An atmosphere of confidence and friendliness has been built up by the company executives with union leaders. The unions have been accepted as bargaining agencies on matters of wages and working conditions. In addition, the company presents to the unions

for criticism a draft of any plan it may make for additional privileges for the employees.

Despite the organization's friendly relations with union heads, its activities in establishing Works Councils, a Staff Grade scheme, a Pension Plan, and a Friendly Society are viewed with hostility by the unions—for these plans bind the workers to the company and make them reluctant to take concerted action with fellow workmen elsewhere.

These benefit schemes and numerous other principles of this organization's labor policy are described in this article. By R. Lloyd Roberts. *Factory Management and Maintenance*, November, 1937, p. 54:8.

Prolonged Unemployment, Technical Progress, and the Conquest of New Markets

There has undoubtedly never been a period during the existence of our capitalist economic system in which unemployment as a continuing phenomenon has been so extensive as it is at the present time. Nor can there be any doubt that this prolonged unemployment is closely connected with technical progress—with rationalization, as it is now called.

Why is it that technical progress, after having expanded during the nineteenth century without giving rise to widespread unemployment, now appears to tend more and more in the direction of restricting employment?

The problem is essentially one of markets. In the past the existence of

many non-industrialized countries made it possible to dispose of ever-increasing stocks and thus readily to reabsorb those workers who had been thrown out of employment by the introduction of machinery. At the present time the impossibility of finding new markets in a world which is almost wholly industrialized condemns to forced inactivity those workers who, as a result of technological progress,

have been ousted from their employment. As on the other hand the sharp competition which exists in commerce can only tend towards further technical advancement, it would appear that the victims of what is called technological unemployment have less and less hope of getting back into the circuit of production. By Fritz Sternberg. *International Labour Review*, October, 1937, p. 446:40.

Personnel

Rhythm for the Restless

In choosing the factors which make a job attractive, a recent British survey by S. Wyatt and J. N. Langdon found that, in a list of 10 items, "comfortable working conditions" were second only to "security of employment." The authors believe that fatigue and boredom in repetitive work are important causes of discomfort, and they have discovered that phonograph music is "an effective antidote" for ennui.

Music not only relieves the tedium of the worker but it also increases his output. Experiments reported in the survey were conducted for 24 weeks, divided into six periods. During two of these periods, totaling 11 weeks, no music was played; these were control periods which served as a basis for comparison. In one period of three weeks, when music was introduced from 10 a. m. to 11:15 and from 4

p. m. to 5, average production was increased by 6 per cent in comparison with the control period. While music was being played, the increase was 11.3 per cent, and there was an increase of 4.3 per cent even when no music was played.

Different types of music were used to ascertain their relative effectiveness. Except for marches, relative efficiency was directly related to speed or tempo of the music. (Marches, 99.2; waltzes, 99.4; one-steps, 102.9; fox trots, 101.2; light music, 97.3.) The rhythmic effect of music, which tends to dictate a rate of speed, may be good or bad, depending upon the individuals concerned and upon the tempo in relation to the speed of the work. If tempo is too fast, discomfort and strain are apt to result. Music which is too slow is likely to augment monotony and act as a brake upon speed. But when rhythm and tempo approximate the habitual speed of operation,

the chances are that output will be measurably increased. By Glenn M. Tindall. *Personnel Journal*, October, 1937, p. 120:5.

Comparative Evaluation of Occupations in Industry

A comparative basic evaluation of an occupation can be founded only on the inherent demands and characteristics of that occupation, and should not include as varying influences supply and demand, rates in existence in the organization or locality, or other outside factors affecting the emolument rate. Though such influences will inevitably affect the final wage rates established, they are not components of the basic evaluation.

As a reasonable basis from which to work, the value of an occupation can be broken down into three main headings, and in a wide variety of manufacturing concerns can be subdivided as indicated: previous training (educational requirements, time required to learn trade); inherent demands of an occupation, peculiar to the industry or factory under consideration (ingenuity, skill and accuracy, time to adapt skill to occupation, cost of probable errors, honesty of effort); physical conditions under which the work is performed (health hazards, accident hazards, dirtiness of working conditions, physical effort required, monotony).

The next, and penultimate, step is one of extreme importance and must be approached objectively. Proper index values must be applied to each

of the factors enumerated above, and this can be accomplished only by thorough and dispassionate visualization of conditions under which the industry operates. Then finally, each factor in every job must be rated in accordance with its relative value to these index values. When that more or less arduous task is completed, determination of the final score for each occupation becomes a matter of simple mathematics.

A detailed description of this method of job evaluation is given in this article, and several computative charts are included. By W. W. Finlay. *N. A. C. A. Bulletin*, October 1, 1937, p. 161:15.

Employees Rate Plant Policies

The object of the present study was to ascertain workers' attitudes toward managerial policies and to disclose trends in their attitudes that might prove helpful in determining remedies for personnel difficulties.

In 1937 workers believe that the four most important management policies are: (1) steady employment, (2) amount of pay, (3) safety, and (4) fair adjustment of grievances. In the opinion of the employees consulted, the four least important managerial policies are: (1) employee stock subscription, (2) voice or share in management, (3) methods of pay, and (4) chance to show initiative. The four best carried out management policies are: (1) safety, (2) working conditions, (3) methods of pay, and (4) insurance systems and pensions.

The four most irritating policies are: (1) medical and dental service, (2) safety, (3) insurance systems and pensions, and (4) adjustment of grievances.

This study provides a means by which management can determine definitely what a worker wants or does not want. It is significant also because the rating plan (which is analyzed in detail in this paper) is a comparative method by which different departments can be classified as to their effectiveness in achieving desirable relations with labor. By Rex B. Hersey. *Personnel Journal*, September, 1937, p. 71:10.

Dismissal Compensation

Though employers in a number of foreign countries are required by law to give discharged workers a stipulated amount upon dismissal, dismissal compensation plans in the United States rest merely on the ethical question of the employer's social obligations to the employee and to the community. Such plans start usually as occasional grants in particular instances because of long and meritorious service, or because of special need, or a combination of the two; as these cases multiply, definite policies governing such grants are often formulated. The present survey was undertaken with the purpose of analyzing the characteristics and technical details of existing plans and of discovering how, if at all, these plans have been affected by recent economic and legislative developments.

In connection with this survey, 172 dismissal compensation plans have been studied. Of these, 66 are formal plans providing for payments graduated according to length of service, and 27 are formal plans providing for uniform payments to all discharged workers regardless of age and service. Individual need and merit determine payment under 60 informal plans. Nineteen of the plans were operative during the depression but were discontinued when conditions improved.

Numerous plans and their varying amounts of compensation are examined in detail in this survey. Illustrative tables and appendices are included. By F. Beatrice Brower, National Industrial Conference Board, Inc. *Studies in Personnel Policy*, September, 1937. 18 pages.

Choosing Personnel in a Distributive Concern

The problem of engaging personnel is not merely a problem of testing experience and intelligence. The basic issue is how prospective employees will work out in practice, what will be their nervous reactions to the various kinds of stimuli which will occur during the working day.

Workers may be classified broadly in three groups. There are the well-adjusted persons, who find work interesting, who are ambitious, who are sociable, and who respect authority but are not overwhelmed by it; these represent the ideal people to work with and to work for. Then there is the anxious type, who have causeless

apprehensions, who overstress other people's opinions of them, who cannot work well under watching or supervision; the work of these varies considerably with their moods. Finally, there are the obsessionists: these must dissect mentally everything they do, verify all they have done, and concentrate with unnecessary intensity on what they are doing; they tend to regard self-control as a religious ceremonial, and they systematically over-work. This last type breaks down easily, and their collapse is attributed by them, and often by their physicians, to over-conscientiousness or some other highly moral attribute.

If industry gave to psychology the same support it has accorded the mechanical sciences, if it attempted to estimate the enormous financial cost of maladjusted personnel, if the distributive trades endeavored to study the mental reactions of customers to employees—vast green fields of knowledge could be explored. By Sir Frederick Marquis. *Industry Illustrated*, October, 1937, p. 10:2.

Personnel Conference

The Personnel Conference of the American Management Association will be held at the Palmer House in Chicago on February 15, 16, and 17.

Shop Methods: *Industrial Engineering, Standardization, Waste, Rate Setting, Time and Motion Study*

Economical Production Through Scientific Methods

Too long has industry felt that simple standard methods of determining packaging procedures were satisfactory. Today there are four broad subjects that warrant consideration in this regard and exploration of any of them should yield satisfying returns to bottling and packaging plants. These subjects are (1) the selection and training of workers, (2) time and motion studies applied to methods and standards, (3) proper equipment for workers, and (4) proper working conditions.

Time and motion study is especially

advantageous for packaging and bottling operations, since it seeks to eliminate the estimated 30 per cent waste motion of the average industrial worker and enables him with less effort to attain a greater amount of production. The packaging field is particularly fortunate that most of its work is performed on moving conveyors, for this narrows the greater part of the problem to one of hand motions. Time and waste will be eliminated if hand movements are confined to normal ranges; thus caps, labels, adhesives, and other supplies should be arranged within normal reach of both hands. Wherever possible, the hands should not be used

for holding the object on which work is being performed; instead, holding jigs, or fixtures should be utilized. In hand-labeling operations, when more than one label is to be applied to a bottle, greater economy will be attained if one operator applies all the labels with the use of the jig, rather than applying one label with or without the jig and passing the work on to another operator for further labeling.

Instruction sheets for labeling operations based on time and motion study are reproduced with this article, and space has also been devoted to discussion of equipment, working conditions, and selection and training of workers. By L. P. Weiner. *The Glass Packer*, November, 1937, p. 690:6.

Won't Have Dust

Visitors to the Ford Motor Company foundry are impressed by the abnormal clearness of the atmosphere in the various rooms.

There are several reasons for the freedom from dust in the air of this plant. The building itself is designed for excellent natural ventilation, with unusually high roof and turret ventilation at the top. More important, at points where dust is normally raised it is eliminated by means of ducts and blowers. For instance, where sand is being dumped in quantity, exhausts operate to clear the atmosphere. And where, as in front of a core oven, excessive heat and dust are inevitable, the dust is disposed of by forced ventilation of incoming air. These cur-

rents blow the dust and heat past the worker back into the core oven.

Fumes from pickling and plating operations are also disposed of by ventilation, the method varying with the operation. Lids, hoods, and ducts in acid-fume exposures must often be made of corrosion-resistant metals, though in some instances galvanized sheet metal will suffice if it is treated with corrosion-resisting paint. By Arthur Van Vlissingen. *Factory Management and Maintenance*, September, 1937, p. 83:1.

Centralized Tool Room Eliminates Tool Crib Troubles

A centralized tool supply and maintenance department for tools, gages, jigs, and fixtures is provided by the Warner & Swasey Co., Cleveland, for use in the manufacture of turret lathes. By supplying tools from one source, this plant has eliminated all tool cribs except one in the tool room and another on the assembly floor. The tool supply and maintenance department, which is entirely independent of the tool room, is centrally located on the third floor of the factory; this department delivers the tools to the various production divisions, keeps the cutting tools properly sharpened, and looks after the repair of jigs and fixtures.

Before the central tool supply department was established, tool cribs were maintained on each floor, tools were often borrowed by one department from another, and there was often difficulty in locating them. With

a centralized tool room, the foremen are relieved of all responsibility in providing tools for their men further than advising the tool supply department in time what tools are required.

Included in this article are detailed descriptions of the tool room and tool supply system. Several tool record forms have been reproduced. By Fred L. Prentiss. *The Iron Age*, September 9, 1937, p. 32:4.

They Profited by Raising Power Factor

Many plants have found that correcting low power factor is a good way to reduce production costs, through the resultant lower rates for energy, improved efficiency, better voltage conditions, and the release of extra electrical capacity for useful work.

Today the most popular methods of raising power factor are: (1) use of synchronous motors; (2) use of static condensers or capacitors; (3) operating induction motors at approximately full load. Which of these methods, singly or in combination, should be used depends on the circumstances.

For example, replacing a 200-hp. motor with two 75's, plus a 190-kva. capacitor raised power factor in a wire rope plant to 95 per cent, with a consequent saving of \$80 a month. At an oxygen plant a 160-kva. capacitor, which cost \$1,850, increased power factor to 99 per cent and saves \$1,000 annually. A flour mill changed induction motors to synchronous type, and the resulting higher efficiency and

power factor saved this concern \$3,600 a year. Installing a capacitor and buying primary power have given a brewery 97 per cent power factor and will save it \$300 monthly from now on. By C. W. Leihy. *Factory Management and Maintenance*, November, 1937, p. 90:2.

The Purchase of Production Machinery

Preliminary designs for production machinery should be submitted to the planning operation office for decisions on the machining operations, jigs, tools, and fixtures required. Minor modifications may be able substantially to reduce costs. For instance, a very fine tolerance may not be needed, since it does not necessarily improve quality and it does increase manufacturing costs. Similarly, a fine finish usually means additional operations, smaller feeds on lathes, boring machines, and millers, and more time on grinding machines. The machines should be the smallest which can satisfactorily and without strain perform the work required.

No cost analysis can be made unless the quantities are known. Some idea of the sales forecast should be given, and if the quantities be large enough, all machining operations might be reduced or eliminated by the use of die castings, brass stampings, turing costs. Similarly, a fine finish materials should be employed wherever possible for the sake of economies in time. *Industry Illustrated*, October, 1937, p. 30:1.

Safety Is a "Must" for Ford Electricians

Safety precautions taken when work is to be done on the electric power lines in the Rouge plant of the Ford Motor Company have been embodied in a routine which is rigidly enforced. Each employee is provided with a pocket-size book of "Safety Regulations for Electric Power Workers." Disregard of any of the rules is the automatic signal for discharge of

the violator, and naturally there are very few violations.

One of the regulations provides for the attachment of a white, red, and black *Danger* tag to the oil switch when a circuit is to be opened. In practice the safety routine has become second nature with Ford workers and is followed as a matter of course. By Arthur Van Vlissingen. *Factory Management and Maintenance*, October, 1937, p. 104:2.

MARKETING MANAGEMENT

Hollywooden Idols

The thick, rich miasma of glamour which clouds from the loudspeakers these days makes it pretty difficult to concentrate on anything whatever. As one thrilling screen personage follows another to the microphone in glittering succession, the delicious excitement leaves the common man time and capacity for little else but recuperation and anticipation. So it is especially arduous to attempt an analytical judgment of the thing which produces so much in the way of emotional experience—the Hollywood influence in radio. But the job needs to be done.

With radio's invasion of the film capital, and vice versa, there has emerged a new set of principles that have important bearing on the art of attracting and holding an audience of consumers:

1. Since a movie star wears a celebrated face, people in the mass are eager at all times to hear his or her voice, no matter what may be offered in the way of performance. Personal appearances of top-flight stars evoke hysterical demonstrations by autograph-fiends and sex-starved stenographers—and obviously all Americans are either autograph-fiends or sex-starved stenographers, or both. Hence, any manifestation of the Presence is irresistible.

2. The movie star has an established ability to perform on the radio.

3. Because people are interested in shows, they are interested in the show business, possess a perfect understanding of the Hollywood lingo, and will sit up all night to hear about rushes, retakes, stand-ins, props, and the heartbreak of it all.

4. In order to sell canned peas, you

should allot 28 minutes of your half hour program for the stars to glorify themselves and advertise their latest pictures. Naturally the housewife is a pushover for the two minutes devoted to selling the peas, and she will undoubtedly buy a can on her way to the picture house if the store isn't closed.

One member of the outmoded school which clings to the belief that the consumer listens to the radio for the worth of the entertainment offered has pointed out cynically that there is no recorded instance of the cigar store Indian selling a single stogie. But, of course, that was before the days of the Hollywooden idols. By P. H. Erbes, Jr. *Printers' Ink*, November 18, 1937, p. 16:3.

How Can We Arrange Our Sales Set-up to Keep Taxes Down?

What can you do to eliminate or reduce the amount of taxes you are paying outside your own home state?

It is important to know that none of the following taxes may be levied by state or city statutes if the business is within the classification of interstate commerce: chattel taxation, which applies to merchandise situated within a state on a certain date of each year; license fees or privilege taxes; state sale taxes; and occupational taxes, which are generally required by city ordinances.

The Supreme Court has held that a manufacturer or seller may employ an agent in another state to distribute its products on either sale or rental con-

tracts made previously to the shipment of the goods, and such an agent is not liable for intrastate taxation in that state. Frequently a company may maintain branch offices and distribution stations in foreign states and escape intrastate taxation if orders are subject to approval by the home office and shipments and collections are made from there. By Leo T. Parker. *Sales Management*, October 1, 1937, p. 63:4.

Industrial Movies Come of Age

These are some new and salient tendencies in the development of industrial motion pictures: an increasing use by national advertisers of the screen in movie theaters as a medium for advertising and publicity; an improvement in the quality of films; the use of color; an improvement in sound recording on 16 mm. film; a stronger recognition that films must be interesting, and an inclination toward less emphatic, more inferential advertising; a reconciliation between producers and many advertising agencies who have been heretofore none too friendly, and the establishment of motion picture departments in these agencies.

Distribution is widely regarded as a "weak point" in the industrial film industry. However, the audiences of several thousand movie theaters are available for national advertising through services offered by several screen advertising distributors. Rate schedules are based on the number of people reached; for example, \$3 per

1,000 average weekly attendance for a film 60 to 90 feet long (the most frequent length).

Production costs vary with the work that goes into the films. A two-reel industrial picture produced recently by one large company cost about \$6,000, another of the same length \$12,000, a third—five reels long—\$52,000. In the field of advertising shorts, production cost can rise to as high as \$2,500 for a three-color Technicolor 120-foot film with RCA sound. *Business Week*, October 9, 1937, p. 35:4.

How to Operate Under Fair Trade Acts

When a manufacturer has made the difficult decision to establish minimum prices for his product under the 42 state fair trade acts and the Tydings-Miller Enabling Act, there are several well-defined steps which he should take.

The most significant step the manufacturer must take is that of deciding what is the proper minimum price that should be established for his goods. To make this decision he must determine what is the average selling price of his product. Too high a price revision will drive the consumer to arms—and, as always, the consumer is king. Some difficulties may be solved by revising the list price of the goods. In selecting his minimum prices, the producer must be guided also by the prices of his chief competitors.

The second step is deciding what constitutes a reasonably satisfactory

profit to the retailer. In making this decision, the manufacturer should keep a weather eye open to the profits given by competitors. The third step follows logically in the determination of an adequate profit for the wholesaler. Having completed these preliminary steps, we find ourselves with a proper price and profit structure.

The next move is the issuance of fair trade contracts. Model contracts are readily procurable, but the peculiarities of some businesses will require the retention of good legal counsel. In states that have passed fair trade legislation, it is the usual function of the state fair trade committee to meet with the manufacturer, study his proposed contract, and if satisfactory, inscribe the agreement with its approval. Contracts bearing the official seal of approval of the fair trade committee are acceptable to the majority of retailers. The committee will also assist the producer by handling the mailing of contracts on payment of a nominal fee. With the signing of one agreement the established prices become binding on all other dealers in the state. By Charles Luckman. *Printers' Ink*, September 23, 1937, p. 6:5.

Souvenir Idea

Following a tour of the Caterpillar Tractor Company plant at Peoria, Ill., each visitor is supplied with lithographed postcards showing actual direct color photography views of the plant, which can be addressed to friends and mailed from the plant it-

self. In addition, a beautiful souvenir booklet is sent to each visitor with his name inscribed in gold letters on an attractive white leather binding.

To personalize the souvenir further, when group visits are made, a photograph of the group is taken while on tour and prints are inserted in each booklet. Caterpillar reports that the idea has met with unexpected success and that every presentation which it has been able to check back on has been retained and remains a constant reminder of a good will tour and an interesting visit. *Industrial Marketing*, November, 1937, p. 22:1.

"But Where'll We Park?"

Listen to the lament of a consumer: "What's the use of trying to buy the things you see advertised? Main Street's so crowded you can't drive near the better shops."

The problem of traffic congestion isn't new to merchants or to municipal officials. Here's a round-up of present-day expedients, policies, and potentialities: (1) The acquisition by municipalities of parking areas close to the shopping districts. (2) Parking areas provided by merchants' associations and chambers of commerce, either permanently or on sales days. (3) Municipal encouragement through special tax-classifications—this on the ground that they serve the public—of parking lots privately owned. (4) Built-in garages in office buildings. (5) Relief of automotive congestion by installing or improving facilities for mass transpor-

tation. "Ride Our Buses and Save Your Bumpers!" (6) Park-and-shop layouts for individual stores and store-groups. The architect sets the store at the rear of the lot and leaves the front for parking. (7) Street-widening to permit diagonal parking at the curbs or parking in the street-centers. (8) Most modern of all—the installation of parking meters, with variations yet to come. *Printers' Ink Monthly*, October, 1937, p. 12:2.

The First 10 Seconds

Scientific checking of the technique of thousands of salesmen has revealed that the success or failure of the sales presentation hangs on the few words the prospect hears in the first one-sixth minute of contact. Hidden in most products are reasons why customers will buy them—but if your salesman cannot tell these reasons in a manner that will catch the other fellow's attention in the first 10 seconds of the sales talk, the prospect will leave him, either physically or mentally.

"It won't rub off" increased the Hecht Company's sales of white shoe polish 300 per cent. "The family size?" sells large sizes of items in most stores with 70 per cent efficiency, replacing the timeworn "Large or small size?" And "Cleans with one rub of a damp cloth" sells new oilcloth that is designed to take the place of cloth. It is sentences like these that will bring your salesmen from the front porch into the parlor.

Good selling sentences come from

prolonged study at the point of sale, after an analysis of customers and prospective customers. And such sentences need not be invented. They are already invented—they are already in existence. By Elmer Wheeler. *Sales Management*, November 15, 1937, p. 49:2.

Food Industry: The Investigation of Consumers' Taste Preferences

How can a manufacturer determine most accurately whether the taste of a product may be improved? How can he discover whether the product contains too much salt, too much milk, too much fat, etc., or whether it is processed at the right speed or temperature to suit the public palate?

In a general way the answer is obvious enough—by asking consumers. But various questions arise when a more precise answer is required. For instance, are we to submit the consumers to a *postal questionnaire*, to an *interview*, or to an *experimental examination*?

Grave doubts have been cast on the reliability of the postal questionnaire and the interview; objections to the "elementalist" experimental approach have been made. How, then, is valid testimony to be obtained? Briefly, the method suggested is the method of paired comparison with samples of the product differing in composition and processing. If, for example, bread were the product under consideration, the dough could be made to contain more or less sugar, more or less fat, etc., and could be

processed in different ways at different speeds. One factor would be altered at a time, and the resultant effect on taste preference, if any, noted.

Who would be the subjects? Generally speaking, the ordinary or potential consumers. Though it might be thought that persons professionally interested in taste—chefs, tea-tasters, etc.—would be logical subjects, such men are good guides only so long as their tastes are thoroughly normal. By H. H. Ferguson. *The Human Factor*, November, 1937, p. 399:7.

For the Mass Mind—Put Your Copy in Low Gear

Reams of pulp and barrels of printers' ink have been consumed in adjuring the advertiser not to talk over the heads of his audience. Verbal embellishment and Olympian ideas have been caustically condemned as ad poison *ad infinitum*. Yet there is plenty of evidence that this sage and fly-blown injunction is daily scorned on every hand.

If in rummaging through the estimated United States population of 130 millions we should locate that elusive individual, the average man, we would find that his intellectual level lies somewhere within the 14 to 16 year range. In the interpretation of an advertisement the role of the intellect is basic and primary. Thus the fundamental advantage of the modern highly *illustrated* advertisements is to facilitate interpretation for greater numbers of persons in the lower intelligence brackets.

The manufacturers of "iridescent"

lipstick, of weight reducers that "increase metabolism," of beer with "precise enzyme control," and of shoes with "metatarsal maintainers" may be overshooting the mark. The big rewards in advertising are for the man who can take a fine line of "Wally

"Windsor" Snuggies and steer them in low gear into the hearts of a million girls who haven't the Duchess' sophistication. By Clarence Fowerbaugh and Norman Krichbaum. *Advertising & Selling*, November 18, 1937, p. 38:2.

Survey of Books for Executives

PROPHETS OF DOOM

It seems to me that one of the pains incidental to the current business recession is the new tendency to lend an ear to prophets of doom. At every period of reaction they flourish—only to be refuted by subsequent recoveries.

I have before me two widely exploited pamphlets, which have contributed to the jittery feeling.* William J. Baxter, who holds a portfolio from the high-sounding International Economic Research Bureau in New York (his own operating agency), turns on the faucets of unqualified gloom. Apparently all that is left is for us to go through the "wringer"; un-

less, perchance, the foolish Indians should be willing to take back the country from us.

Major L. L. B. Angas' thesis is a shade more cheerful. The British major's claim to infallibility, however, has been somewhat impaired by recent miscalculations. The apology is that Major Angas did not misjudge the situation, but that our money managers did. Anyone thoroughly deluged in pessimism by Baxter's calamity howling can perhaps obtain a gleam of hope from Major Angas, who hints that further serious trouble can be avoided if American leaders follow Angas' prescription. Baxter does not concede us even that hope.

The Baxter outcry would ordinarily have gone with the wind, but this time it synchronized with a downturn in business.

*"America Faces Its Greatest Business Depression," by William J. Baxter. (International Economic Research Bureau, New York, 1937. \$1.50.)

"Remaking the Boom," by Major L. L. B. Angas. (New Era Publishers, New York, 1937. \$1.50.)

Baxter's implication is that this is the depression to end all depressions. I can hardly go along with him on that. Mr. Baxter's argument is based on the assumption that America has passed from youth to middle age. As proof he cites a variety of changes. He mentions the disappearance of our geographical frontiers, but he perhaps undervalues the more important frontiers of science and invention, on which material progress depends. Secondly, he alludes to stabilization of the population. It is true that the rate of population growth has been retarded, but the reasons are not mysterious. They depend on two voluntary decisions, which could be reversed, namely restriction of immigration and birth control. But if business in the future lacks the stimulus of vast increases in the quantity of population, it nevertheless can look forward to an impetus to expansion from improvement in the quality of our population. This will come from better education, more humane treatment of workers, and a further rise in popular living standards. Thus, in the future, good sociology must march hand in hand with good business. Next, Mr. Baxter supports his pessimism by referring to the decline of our export markets. Yet since this argument was first advanced earlier in the depression, world trade in quantity has recovered to the pre-depression level. America's share of the increase has not been proportionate partly as a result of Secretary Hull's efforts to use mid-Victorian methods

in a world which has forged new trade weapons. At any rate, exports are the tail, and domestic business the dog in this country. Even in the peak years, 1927-29, America derived but 6 per cent of its national income from exports, whereas other nations obtained from 20 to 70 per cent.

Although Mr. Baxter and Major Angas lay greatest stress on monetary factors, it seems to me that non-monetary maladjustments have arrested the recovery and temporarily reversed the economic trend. The improving balance between agriculture and industry, on which recovery had been promoted for four years, was again disturbed in midsummer by the collapse in prices of cotton and corn in response to huge crops. This adverse turn came after equilibrium had already been threatened for many months by a rise in industrial costs and prices, reflecting higher prices and higher wage costs.

In the first half of the year, realities were concealed by a scramble for inventories by business men who figured that terrorism by the C. I. O. might mean future shortages of goods and higher prices. Then, in June, when Tom M. Girdler, of Republic Steel, stopped John L. Lewis' C. I. O., business men reoriented themselves and took the position that the immediate labor crisis was over. When they looked at their inventories from this viewpoint, they found them to be excessive and decided to reduce them. This widespread simultaneous decision resulted in the late summer lull, which ordinarily might have been held to

moderate bounds. However, the resultant downtrend was widely interpreted by the enterprising and investing classes to mean that New Deal economic policies had at length come home to roost. Meantime, a stock market reaction was converted into panic when it was discovered that the stock market could no longer absorb normal selling on account of the reduced liquidity resulting from SEC rules.

Farm legislation may relieve the tension by helping to restore balance, and tax revision and cessation of business-baiting by the Administration will aid in restoring confidence.

Meantime, Baxter urges his clients to get into cash, and Major Angas takes the opposite view that such an attitude is the chief root of evil. Baxter argues that it is inescapable that we should pay dearly for the sins of inflation, whereas Angas advises us to inflate ourselves out of the current crisis. Incidentally, Baxter's pessimistic advice, printed in September, has been sound so far.

Despite his great emphasis on the monetary factor, Angas makes a concise analysis of domestic economic realities. There is more obscurantism in Baxter's presentation, which mingles alleged long-term disastrous factors with immediate short-term mal-adjustments, and stresses international influences as dominant.

Until better national bookkeeping is developed and until there is clearer understanding of the functioning of our economy, business sentiment will

continue occasionally to be disturbed by broad daubing on the canvas of public opinion by glib generalizers. It is time for some one to remark again that the country is suffering from over-prediction.

By Merryle Stanley Rukeyser, author of "The Diary of a Prudent Investor" etc.

Britain in Europe. By R. W. Seton-Watson. The Macmillan Company, New York, 1937. 716 pages. \$9.00.

This study is essentially an experiment insofar as it is the first connected and comprehensive account by a single writer of British foreign policy as distinct from general European diplomacy. The ground has been covered before, but this volume as the work of one mind offers a greater unity of narration and approach than has hitherto been achieved.

The main body of the book covers in detail the period from 1822 to 1874. Earlier events have been treated on smaller scale in a prologue; an epilogue carries the survey up to the inception of the World War.

Mr. Seton-Watson is Masaryk Professor of Central European History at the University of London.

Careers After Forty. By Walter B. Pitkin. McGraw-Hill Book Company, Inc., New York, 1937. 273 pages. \$1.75.

This book is essentially a compilation of ideas, facts, and hopes (the author's and those of many others who

have contributed suggestions) for solving the problems of personal and vocational readjustment of the middle-aged individual. The tempo and style of the volume plunge the reader into an inspirational mood; this mood is suddenly displaced by skepticism, however, and one wonders, "Can it be done?"

The introductory pages are punctuated by a variety of epigrams: "The Chance is often better than the Man"; "The world is covered with square holes for square pegs and with round holes for round pegs; but most of the pegs are much smaller than the holes. Altogether too many people rattle around in their opportunities, like dry peas in a withered pod."

Careers after forty multiply in those fields where "high energy" is not a primary qualification and where emphasis is on experience, mature judgment, responsibility, social sense, poise, caution, and ingenuity in meeting difficulties. America needs "Councils of Elders," which will surround the "youngsters" who direct practical affairs. In industry such advisers can play an important role, if given free opportunity to gather facts and to interpret them. It is not necessary to require sudden retirement of older employees, but rather a tapering off in "high energy" duties.

In 116 pages is presented a panorama of stimulating and perhaps glamorous careers after forty. The emphasis is in keeping up with the changes of the day, with a searching eye for opportunities. Although some

careers will require retraining, there are nevertheless opportunities in the broad field that will cater to the more abundant life of the middle earning class. Many occupations are briefly sketched in this book and pertinent facts are seemingly lacking. The occupations outlined should nevertheless serve as valuable aids for further exploration. (This is not, however, a task for the average adult over forty years of age.) The contents present a picture of the horizon for careers in general.

For business executives and personnel officers the book will serve as a basis for clarifying the problem of "human obsolescence," which is merely a further illustration of individual differences.

*Reviewed by Richard S. Schultz,
The Psychological Corporation.*

The Science of Valuation and Depreciation. By Edwin B. Kurtz. The Ronald Press Company, New York, 1937. 221 pages. \$4.50.

This volume offers scientific solutions to the fundamental problems of valuation and depreciation estimating and accounting. These solutions are erected on the same underlying foundation; namely, life experience tables, which serve as the common denominator by which individual solutions become a unified whole.

The book deals with these basic problems: determination of average life of any class of property; of life expectancy, per cent remainder service life, annual and accrued loss of serv-

ice life for average unit of property at any service life stage; determination of total annual renewals necessary, and the composite remainder service life of a system of units; of its ultimate composite per cent remainder service life after reaching the stage of constant normal annual renewals; amount to be set aside during its service life to replace the unit at the end of that life; determination of amount in replacement reserve after a system goes into service, and after it has reached normal annual renewals stage; and time and magnitude relationship between annual renewals, amount in reserve, and composite per cent remainder service life at any time after the system goes into service.

Included in this book are formulae,

tables, charts, illustrative calculations, and 65 curves giving actual life experience data on various types of equipment. The financial transactions requisite in the application of the replacement insurance plan to an operating system have been illustrated.

Dr. Kurtz compares the conventional straight line methods with life experience results, and he maintains that the former methods are markedly inferior. It should be pointed out, however, that though his treatise is scientific and analytic in nature, actual valuation and depreciation estimating must always be accompanied by the judgment of a competent appraiser. The governing laws and relations which the author expounds apply only to *average units*.

Briefer Book Notes

WHAT'S HOLDING YOU BACK? By Allan B. Chalfant. McGraw-Hill Book Company, Inc., New York, 1937. 252 pages. \$2.50. Discusses the common errors in business conduct which are traceable, either directly or indirectly, to psychological causes. Mr. Chalfant writes wisely and entertainingly on personal problems and relations in business.

GOVERNMENT IN THE UNITED STATES. By Claudius O. Johnson. Thomas Y. Crowell Company, New York, 1937. 735 pages. \$4.00. A revised and enlarged edition of Professor Johnson's study of American government, which approaches the subject from a functional rather than historic jurisdictional (national, state, local) standpoint. The book is couched in a lively, readable style.

AMERICAN SOCIALISM. By Harry W. Laidler. Harper & Brothers, New York, 1937. 330 pages. \$2.50. This volume deals primarily with the aims and program of socialism, and particularly with those of the American socialist movement. The first edition of this book appeared in 1935 under the title of "Socializing Our Democracy."

ADVERTISEMENT LAYOUT IN PRACTICE. By Leonard Sharpe. The Macmillan Company, New York, 1937. 44 pages. \$1.25. This book endeavors to give the student of press layout a practical grasp of its creative technique. Mr. Sharpe instructs by example, and his demonstrations and comments—inaluable to the artist—are fascinating also to those who use or merely look at advertisements. The first study on this subject to be issued at this popular price.

OUTLINES OF ECONOMICS. By Richard T. Ely and Ralph H. Hess. The Macmillan Company, New York, 1937. 1064 pages. \$4.50. The sixth edition of Professors Ely and Hess' monumental outline of economics. The book has been rewritten and all

factual and theoretical material brought up to date. In Part 1 a significant chapter on the twentieth century industrial revolution has been added, leading to the formulation of the economic law of change which is given here for the first time.

COST ACCOUNTING. By W. B. Lawrence. Prentice-Hall, Inc., New York, 1937. 598 pages. \$5.00. This book is a revised edition of the work of the same name which was published in 1925. Intended originally as a course in cost accounting and as a reference for cost accountants and executives, the book has gradually been accepted as an authority by industrial accountants.

THE BUYER'S MANUAL. By the Merchandising Division of the National Retail Dry Goods Association. National Retail Dry Goods Association, New York, 1937. 372 pages. \$3.50. A compilation of papers on the principles of retail merchandising by a group of successful retail executives. The book provides a comprehensive background of modern merchandising practices.

THE SOCIAL SECURITY ACT IN OPERATION. By Birchard E. Wyatt and William H. Wandel, in collaboration with William L. Schurz. Graphic Arts Press, Inc., Washington, 1937. 382 pages. \$3.50. An explanation of the Act and its practical operation, which combines a feeling for the basic social theory of the program with a comprehension of its detailed application.

INCOME TAX FUNDAMENTALS. By Frederick Leon Pearce. The Foundation Press, Inc., Chicago, 1937. 581 pages. \$6.50. Though this work is primarily an advanced school text on the fundamentals of federal income tax, business men and investors should find its exposition of the principles of income tax computations both interesting and valuable.

THE TECHNIQUE OF MARKETING RESEARCH. Prepared by the Committee on Marketing Research Technique of the American Marketing Society. McGraw-Hill Book Company, Inc., New York, 1937. 432 pages. \$4.00. This book covers the entire field of research as applied to the problems that commonly arise in connection with marketing policies, products, the market itself, and methods and means of reaching it. A definite presentation of the scientific approach, written to meet the needs of business men and students of marketing.

BUYING FOR RETAIL STORES. By Norris A. Brisco and John W. Wingate. Prentice-Hall, Inc., New York, 1937. 565 pages. \$5.50. Presents the fundamental principles underlying the buying of merchandise and considers actual problems that confront the buyer. The work is suited mainly for those who are seeking a career in the field of retail merchandising, but students of distribution may also find it a useful source of information.

SOCIAL SECURITY IN THE UNITED STATES 1937. American Association for Social Security, Inc., New York, 1937. 215 pages. \$2.00. A record of the Tenth National Conference on Social Security, which was held in New York on April 9 and 10, 1937, together with a census of social security in the United States. Included in these proceedings are two groups of papers on health insurance and unemployment insurance administration.

MONEY AND BANKING. By John Thom Holdsworth. D. Appleton-Century Company, New York, 1937. 614 pages. \$3.75. This is the latest edition of a standard work which consists of an analytical survey of the broad field of money, credit, and banking. A clearly written outline of principles, policies, and procedures.

THE COMMONWEALTH OF INDUSTRY. By Benjamin A. Javits. Harper & Brothers, New York, 1936. 229 pages. \$3.00. Mr. Javits presents in this book a complete exposition as to how industry can create its own self-government under public mandate. The plan proposes to lay the basis, in an Industrial Commonwealth, for the extension of vast credits for consumption, and for increased velocity of credits.

STATE CONTROL OF LOCAL FINANCE IN OKLAHOMA. By Robert K. Carr. University of Oklahoma Press, Norman, Okla., 1937. 281 pages. \$3.00. An examination of the control of local finance by the State of Oklahoma as revealed through the work

of such state agencies of control as the Oklahoma Tax Commission, the Court of Tax Review, the Bond Commissioner, etc.

INTRODUCTION TO SOCIAL RESEARCH. By Emory S. Bogardus. Suttonhouse Ltd., New York, 1936. 237 pages. \$3.00. The author brings together all the different methods of social research in compact, convenient form. Research procedures are presented in logical relation to each other and in a balanced treatment. Ample illustrative material is included.

THE AMERICAN SYSTEM. By S. Wells Utley. Speaker-Hines Press, Detroit, 1936. 295 pages. \$3.00. Mr. Utley has tried to "paint a picture" of the manner in which the capitalistic system, as evolved under American social and political conditions, has affected the daily life of the individual.

BUSINESS ADMINISTRATION FOR ENGINEERS. By C. Francis Harding and Donald T. Canfield. McGraw-Hill Book Company, Inc., New York, 1937. 637 pages. \$5.00. This book and a companion volume entitled "Legal and Ethical Phases of Engineering," by the same authors, have been prepared primarily to meet the needs of the engineering student or practical engineer who desires to acquaint himself with the most important requirements of corporate management.

SCOUTING PERSONNEL. By the Division of Personnel, Boy Scouts of America. Boy Scouts of America, New York, 1937. 182 pages. \$1.00. This volume which is subtitled "A Manual of Human Relationships for Local Council Leaders," analyzes the personnel procedures of the Boy Scout organization. The contents should prove interesting to personnel executives in industry.

WORKMEN'S COMPENSATION LAW IN LOUISIANA. By Marian Mayer. Louisiana State University Press, Baton Rouge, 1937. 253 pages. \$2.00. An analysis of interpretations during the past 22 years of the Louisiana workmen's compensation act.

MONEY AND BANKING. By Charles L. Prather. Business Publications, Inc., Chicago, 1937. 559 pages. \$3.75. An exposition of the elementary principles of currency and banking. The author has compiled essential facts, principles, and practices in this field of economics with a frank recognition of the new role of government.

ECONOMICS FOR EVERYBODY. By Mervyn Crobaugh. William Morrow & Company, New York, 1937. 293 pages. \$2.50. Dr. Crobaugh deals in lively but precise fashion with the hitherto "dismal science" of economics. The book outlines the narrative history of economic thought "from the pyramids to the sit-down strike," and a rounded summary of economic ideas is presented in non-technical form.

SOME INTERNATIONAL ASPECTS OF THE BUSINESS CYCLE. By Hans Neisser. University of Pennsylvania Press, Philadelphia, 1936. 176 pages. \$2.50. Professor Neisser presents in this volume a theoretical framework for the interpretation of international cyclical forces, and then attempts to apply the concepts he develops to specific historical fluctuations. An original and scholarly approach to the subject.

MILLIONS OF DICTATORS. By Emil Lengyel. Funk & Wagnalls Company, New York, 1936. 283 pages. \$2.00. Mr. Lengyel's study of the man in the street—the real dictator—as found in America and Europe provides a reappraisal of contemporary life which is stimulating in its implications, provocative of discussion, and written in the author's usual engaging style.

QUESTIONS AND PROBLEMS ON THE PRINCIPLES OF ECONOMICS. By Myron H. Umbreit. McGraw-Hill Book Company, Inc., New York, 1937. 176 pages. \$1.00. This book, which is designed to accompany Frederick S. Deibler's text on "Principles of Economics," directs the student by specific questions and problems to the principles discussed in the text.

HOW TO FIND, TRAIN, AND SUPERVISE SPECIALTY SALESMEN. By James Maratta. The Council for the Improvement of Specialty Selling, Inc., New York, 1937. 93 pages. \$2.50. Examines media for finding specialty salesmen, and techniques in training and supervising them. Sales contests, sales literature, and the perennial question of salaries versus commissions are also discussed. Pertinent questions are appended to every chapter.

RECESSION... DEPRESSION...

or merely "INTERLUDE" . . . ?

BUSINESS MEN, statesmen, and politicians are today concerned with one question of transcending importance—"What can be done to stem the present business recession?"

This problem has even forced into the background the Administration's long-term measures of social and economic reform.

It is fitting, therefore, that the AMA Conference for Financial Executives be convened this month, when responsible executives must think things through clearly and calmly.

This Conference, to be held at the Hotel Pennsylvania, New York, on Tuesday and Wednesday, December 14 and 15, will consider the following pressing financial problems:

Dynamics of Business Recovery Financing
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The speakers will be outstanding authorities in business, finance, and government.

If you have not already received a program and registration card, write for them today.

And be sure to note the dates and place on your calendar now—*The Hotel Pennsylvania, New York, Tuesday and Wednesday, December 14 and 15.*

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